

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2008-416-E - ORDER NO. 2011-126
FEBRUARY 15, 2011

IN RE: Petition of South Carolina Electric & Gas)	ORDER AUTHORIZING
Company for an Order Authorizing the)	WITHDRAWAL OF
Withdrawal of Certain Funds from its Storm)	FUNDS FROM STORM
Damage Reserve Fund to Offset Those Costs)	DAMAGE RESERVE
Incurred in Connection with its Tree)	FUND
Trimming and Vegetation Management)	
Programs for its Electric Transmission and)	
Distribution Systems)	

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the request of South Carolina Electric & Gas Company (“SCE&G” or “the Company”) that this Commission issue an accounting order, for regulatory accounting purposes, authorizing SCE&G to withdraw from its Commission-approved Storm Damage Reserve Fund those funds necessary to offset the incremental expenses that will be incurred by the Company in the calendar year 2011, to accelerate tree trimming and vegetation management programs for its electric transmission and distribution systems. Specifically, SCE&G requests authorization to withdraw \$1,800,000 from the Storm Damage Reserve Fund during calendar year 2011.

On February 26, 2009, the Commission issued Order No. 2009-87 authorizing SCE&G to withdraw up to a maximum of \$9,000,000 during the 2008-2009 time period from its Storm Damage Reserve Fund to offset incremental costs incurred in connection with the Company’s distribution and transmission tree trimming and vegetation

management programs. In accordance with the terms of Order No. 2009-87, the Company filed with the Commission a mid-year report for the period ending June 30, 2009, which demonstrated a positive contribution to the improved reliability of the Company's electric system and an increase in the system's tolerance to weather related events. Further, on December 4, 2009, this Commission issued Order No. 2009-845 authorizing SCE&G to withdraw \$6,800,000 from the Storm Damage Reserve Fund by December 31, 2010, to complete its planned tree trimming and vegetation management activities along approximately 2,956 miles of distribution line and approximately 618 miles of transmission line in the calendar year 2010. As of June 30, 2010, the Company had completed approximately 1,909 miles of its planned tree trimming and vegetation management activities along its distribution line routes and approximately 215 miles of its planned tree trimming and vegetation management activities along its transmission line routes.

Transmission and distribution line clearing initiatives and progress made as the result of the issuance of Order No. 2009-87 and Order No. 2009-845 for tree trimming and vegetation management activities has resulted in, according to SCE&G, (i) major movement towards the optimal, five-year vegetation management cycle; (ii) full compliance with NERC-mandated vegetation guidelines; (iii) significant reduction in circuit System Average Interruption Duration Index ("SAIDI"), which is the tracking mechanism used to measure the frequency and duration of power outages; (iv) more miles of vegetation cleared away from power lines and subsequently sprayed to suppress unwanted new vegetation; and (v) ultimately, the potential preservation of the Storm

Damage Reserve Fund level by reducing the potential for storm related damages in the future and the need to draw upon the fund.

In light of the Company's success in these areas, SCE&G requests the ability to withdraw \$1,800,000 from the Storm Damage Reserve Fund during 2011. The Company states that these funds will be used to offset those incremental expenses, defined as expenditures in excess of the level currently provided for in base rates (about \$13.2 million), incurred by the Company in calendar year 2011 for tree trimming and vegetation management programs for its electric transmission and distribution systems. The Company believes that if its request is granted, it will reach its goal of placing all transmission and distribution circuits on the optimal five-year vegetation management cycle by 2011, and therefore further improve the Company's SAIDI rating by reducing tree related events.

The Company states that the relief requested will not involve a change to any of SCE&G's retail rates or prices, or require any change in any Commission rule, regulation or policy. Further, SCE&G states that the issuance of the requested accounting order will not prejudice the right of any party to address this issue in a subsequent general rate case proceeding.

The Office of Regulatory Staff ("ORS") has no objection to the request, but does propose that certain conditions be imposed on the Company. First, ORS recommends that this Commission require SCE&G to file mid-year reports, due August 15, 2011, and February 15, 2012, which would show progress through June 30, 2011, and December 31, 2011, and which would include the vegetation management plan, identify those

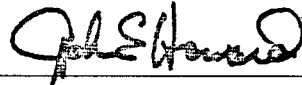
circuits SCE&G has cleared, show cost per circuit, if possible, include before and after pictures, and include before and after data of outages, if available. Further, ORS requests that SCE&G meet with it on or before December 31, 2011, to provide updates and progress.

We have examined this matter, and we hereby grant the accounting order authorizing the Company to withdraw \$1.8 million from the Storm Damage Reserve Fund during calendar year 2011 to offset tree trimming and vegetation management program expenses, subject to the conditions proposed by ORS as stated above. Monies withdrawn from the Storm Damage Reserve Fund pursuant to Order No. 2009-87 and Order No. 2009-845 have permitted the Company to make progress towards its goal of placing its distribution and transmission circuits on a five-year vegetation management cycle, which is the industry standard for tree trimming and vegetation management and complying with NERC-mandated vegetation management guidelines. We think that granting the present request will allow the Company to make even more progress towards that goal. We note that no rate change is needed for us to grant the relief requested.

We believe that the mid-year reports containing the information and the meeting requested by ORS will help that agency monitor SCE&G's progress towards achieving its goal, and we therefore, grant and approve the conditions sought by ORS as stated above.

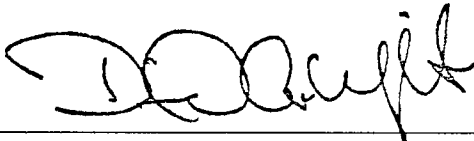
This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



John E. Howard, Chairman

ATTEST:



David A. Wright, Vice Chairman

(SEAL)